

## Message Text

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ORIGIN EA-14

INFO OCT-01 ADP-00 CPR-02 NSC-10 NSCE-00 SY-10 CIAE-00

INR-10 NSAE-00 RSC-01 USIA-15 SS-15 /078 R

DRAFTED BY EA /PRCM:ADROMBERG /CWFREEMAN, JR.:EBS

7/19/73, EXT. 22535

APPROVED BY EA - AWHUMMEL, JR.

S/CPR - BWHITEHEAD (DRAFT)

EA/PRCM - OVARMSTRONG

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R 201545Z JUL 73

FM SECSTATE WASHDC

TO USLO PEKING

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L STATE 142812

E.O. 11652: GDS

TAGS: PFOR, CH

SUBJECT: HOUSING FOR PRCLO IN WASHINGTON

1. FOLLOWING INFORMATION BASED ON JULY 12 MEETING WITH PRCLO OFFICERS AND SUBSEQUENT CONVERSATIONS, IS FYI IN CASE SUBJECT ARISES IN ANY DISCUSSIONS WITH CHINESE OFFICIALS IN PEKING.

2. PRCLO HAS DECIDED TO PURCHASE TWO MANSIONS ON "S" STREET, N.W. FOR RESIDENCE PURPOSES ONE OF WHICH WOULD BE FOR HUANG CHEN. PRCLO IS ALSO SERIOUSLY CONSIDERING PURCHASE OF "PART OF" WINDSOR PARK HOTEL AS CHANCERY.

3. PURCHASE OF THE TWO MANSIONS HAS BEEN QUITE COMPLEX, PRIMARILY BECAUSE PRCLO HAD NOT/NOT BEEN AWARE THAT HOUSES ARE IN AREA ZONED FOR SINGLE-FAMILY DWELLINGS ONLY AND HAD INTENDED TO HAVE SEVERAL FAMILIES IN EACH. WHEN CHINESE OFFICIALS FIRST INFORMED US JULY 12 THEY HAD SIGNED CONTRACTS ON TWO HOUSES AND WERE NEGOTIATING FOR

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PURCHASE OF TWO OTHERS NEARBY, DEPARTMENT NOTED SINGLE-

FAMILY ZONING RESTRICTION WHICH REALTOR HAD APPARENTLY NEGLECTED TO MENTION. PRCLO ATTEMPTED TO STOP PAYMENT ON COMMISSION CHECKS ON ONE CONTRACT, BUT WAS UNSUCCESSFUL. WE HAD HEARD THAT A MEETING WAS SCHEDULED BETWEEN THE CHINESE AND THEIR ATTORNEY AND THE VARIOUS PARTIES ON

THE SELLING SIDE IN AN ATTEMPT TO REACH AN AMICABLE SETTLEMENT. DEPARTMENT WAS PREPARED TO CALL ON D.C. GOVERNMENT FOR HELP IN CONVINCING BROKER THAT SUCH A SETTLEMENT WAS IN THE INTEREST OF ALL PARTIES.

4. BEFORE TAKING SUCH A STEP, HOWEVER, WE CHECKED WITH PRCLO AND WERE TOLD THAT THEY HAD INFORMED HUANG CHEN OF THE SITUATION AND THAT HUANG HAD SAID TO GO AHEAD WITH THE PURCHASE OF THE TWO "S" STREET HOUSES. PRCLO ALSO NOTED INTEREST IN WINDSOR PARK (CONNECTICUT AVENUE BACKING ON ROCK CREEK PARK) WHICH DEPUTY CHIEF HAN HSU PLANNED TO INSPECT TODAY.

5. WHEN DEPARTMENT OFFICER EXPRESSED CONCERN OVER INADEQUATE ZONING INFORMATION FROM REALTOR, PRCLO OFFICER (TSIEN TA-YUNG) SAID THAT REALTOR WAS OBVIOUSLY AFTER COMMISSION, BUT ADDED QUICKLY THAT PRCLO IS VERY SATISFIED WITH ASSISTANCE PROVIDED BY THE STATE DEPARTMENT. HE MENTIONED PARTICULARLY THE ROLE PLAYED BY PROTOCOL IN ASSISTING IN SEARCH FOR HOUSING AND ALSO SAID THAT IF THERE WERE ANY PROBLEMS HE WOULD BE IN TOUCH WITH PRCM BECAUSE HE KNEW DESK WAS QUITE CONCERNED WITH THIS MATTER. WHEN ASKED WHETHER PRCLO INTENDED TO EMPLOY A LOCAL CONSULTANT (WHICH DEPARTMENT HAD RECOMMENDED WHEN PRCLO ADVANCE TEAM FIRST ARRIVED AND STRONGLY RECOMMENDED AGAIN ON JULY 12), TSIEN SAID THAT THERE IS NO NEED FOR THAT NOW IN THE CASE OF THE "S" STREET HOUSES SINCE THEY HAVE DECIDED TO BUY THEM; IF THEY DECIDE TO PURCHASE THE WINDSOR PARK, THEY WILL CHECK WITH PROTOCOL TO ASSURE THERE WOULD BE NO PROBLEM ESTABLISHING CHANCERY THERE BEFORE CONSUMMATING DEAL. (PRCLO HAS BEEN USING SERVICES OF REPUTABLE NEW YORK LAWYER, BUT HIS UNFAMILIARITY WITH LOCAL SITUATION OBVIOUSLY WAS FACTOR IN PROBLEM ARISING FROM SINGLE-FAMILY ZONING).

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6. WE DO NOT KNOW AT THIS TIME WHAT RESULTS WILL BE ON WINDSOR PARK, BUT PRCLO OFFICERS INDICATED JULY 12 THAT SEARCH FOR A HOTEL OR APARTMENT HAD BEEN UNSUCCESSFUL THUS FAR DUE TO EITHER PRICE, SIZE AND/OR CONDITION OF BUILDING, OR DESIRE NOT TO OUST TENANTS ON LONG-TERM LEASES. (IN LAST CONTEXT CHINESE MENTIONED BAD PUBLICITY ATTENDANT ON SOVIETS WHEN THEY HAD ENCOUNTERED SUCH

PROBLEMS).

7. PRCLO HAS STATED IT NEEDS A SINGLE OR ADJACENT BUILDING WITH LIVING QUARTERS FOR 60-70 OFFICERS AND STAFF (INCLUDING SOME FAMILIES) AND 60 OR MORE OFFICES

FOR PRCLO WORK. THEY ALSO WANT A SWIMMING POOL AND/OR GROUNDS SUITABLE FOR STAFF RECREATION.

8. DAY AFTER JULY 12 MEETING TSIEN SAID THAT PRCLO HAD MADE DECISION LONG TIME AGO TO PROCEED ON OWN WITHOUT "BOTHERING" DEPARTMENT. HE INDICATED THAT PRCLO REGRETTED THAT DECISION.

9. DEPARTMENT WILL CONTINUE TO ASSIST PRCLO IN ANY WAY WE CAN. AT MINIMUM, WE BELIEVE PRCLO NOW RECOGNIZES USEFULNESS OF KEEPING DEPARTMENT BETTER INFORMED AND OUR GENUINE INTEREST IN HELPING SOLVE THE PROBLEM. RUSH

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